

**THE EFFECTS OF RECESION ON CONSUMER BUYING BEHAVIOR TOWARDS
SHOPPING AND BRAND SWITCHING**

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CONFIRMATION OF SUPERVISOR

'I/We acknowledge that have read this thesis and in my/our opinion this thesis is sufficient in tern of scope and quality for the award of Bachelor of Technology Management (High Technology Marketing) with Honor'

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DECLARATION

“I admit that this report is a product of my work except the citation for each of which I
have mentioned the sources”

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DEDICATION

This research paper was dedicated to my parents and family who have been my constant source inspiration. They had given unconditionally support with my studies. I am honored to have them as my big supporters. Thank you for giving me a chance to prove and improve myself through all my walk of life. Additionally, thank you for conditionally support from my beloved friends who helped me in complete this research.

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ABSTRACT

The Effects of Recession on Consumer Buying Behavior towards Shopping and Brand Switching

The research problem is effect of economic recession's indicators on consumers' buying behavior. The objective of this study was to identify which factors that affects consumer buying behavior toward shopping and brand switching, to identify which dominant categories that effects during recession to consumer buying behavior toward shopping and brand switching and to determine the relationship between the effects of recession with consumer buying behavior towards shopping and brand switching. Three research hypotheses are formulated and tested. Descriptive survey research was used with 150 respondents as sample size. Consumer buying behavior towards shopping and brand switching were compared for four points of reference where changed occurred in the economic environment. Consumer's self-reported attitudes toward statements related to consumer buying behavior towards shopping and brand switching were extracted from Target Group Index conducted by the researcher and compared using one-way between group analysis of variance to reveal if there was a statistically significant difference in consumer buying behavior between the four factors of recession. The result show that consumer buying behavior towards shopping and brand switching are somewhat influenced by the factors of recession.

Keywords: Consumer buying behavior, economic, recession, factors.

ABSTRAK

Kesan- Kesan Kemelesetan ke atas Tingkah Laku Beli Pengguna terhadap Membeli Belah dan Penukaran Jenama

Masalah penyelidikan adalah kesan kemelesetan ekonomi terhadap tingkah laku beli pengguna. Objektif kajian ini adalah untuk mengenal pasti faktor-faktor yang mempengaruhi tingkah laku beli pengguna ke arah membeli-belah dan penukaran jenama, untuk mengenal pasti kategori-kategori dominan yang mempengaruhi semasa kemelesetan kepada tingkah laku beli pengguna ke arah membeli-belah dan penukaran jenama dan untuk menentukan hubungan antara kesan kemelesetan dengan kelakuan belanja pengguna ke arah membeli-belah dan menukar jenama. Tiga hipotesis kajian diformulasikan dan diuji. Penyelidikan tinjauan deskriptif digunakan dengan 150 responden sebagai saiz sampel. Tingkah laku beli pengguna ke arah membeli-belah dan penukaran jenama dibandingkan dengan empat rujukan di mana perubahan berlaku dalam persekitaran ekonomi. Sikap pengguna sendiri yang dilaporkan terhadap pernyataan yang berkaitan dengan tingkah laku belian pengguna ke arah membeli-belah dan penukaran jenama telah diekstrak daripada Indeks Sasaran Kumpulan yang dijalankan oleh penyelidik berbanding dengan menggunakan satu arah antara analisis kumpulan varians untuk mendedahkan jika terdapat perbezaan statistik yang signifikan dalam pembelian pengguna kelakuan antara empat faktor kemelesetan. Hasilnya menunjukkan bahawa tingkah laku membeli pengguna terhadap belanja dan penukaran jenama agak dipengaruhi oleh faktor kemelesetan.

Kata kunci: Pengguna membeli tingkah laku, ekonomi, kemelesetan, faktor.

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LIST OF ABBREVIATION

GST	Goods and Services Tax
SST	Sales and Services Tax
H1	Alternative Hypothesis
H0	Null Hypothesis
IV	Independent Variables
DV	Dependent Variables
SPSS	Statistical Package for the Social Science
GDP	Gross Domestic Product

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CHAPTER 1

INTRODUCTION

This introduction gives a general view of consumer buying behaviour and the factors of recession that occur in Malaysia. Therefore, the researchers come up with three research questions and three research objectives. There is also several scope of this research study as well as several important of this research study.

1.1 Background of Study

Understanding consumer's buying patterns in one of the most important factors in the success of any organization (Sharma & Sonwalkar, 2013). The consumer is the most elemental basis for business organizations and therefore their behavior is of great importance for successful marketing and financial affluence. (Mansoor & Jalal,2011).

Consumer behavior can vary vastly between products, individuals, cultures, and economic situation and has changed substantially. When consumer's buying behavior

changes, many entities will have to make changes to their usual activities. By studying and predicting consumer's behavior, a business can understand their customer's needs and work on fulfilling them as well as meeting their expectations. Therefore, understanding how consumers behave helps companies maintain property and contribute to their long-term objectives.

Researches on buying behavior during downturns in the economy suggest that consumers adapt their behavior to new and changed situations. When consumer adopt new strategies and tactics as a reaction to changing economic circumstances, companies need to understand how their customer's react and how their behavior changes to develop strategies to meet and capitalize on different needs, values and consumption patterns. It is vital that companies understand the nature and the scale of the change in consumer's behavior and attitudes to formulate a marketing strategy that allows them to archive objectives concerning sales, market share and profits.

From a psychological as well as a financial point of view, consumers experiencing crisis behave differently from those enjoying a blossoming economy. This can be, at the same time, an opportunity and a threat for companies, which makes it even more important than before to monitor and listen to consumer. Business strategies that were appropriate during a blossoming economy may become ineffective in a recession.

The factors of recession that affect the consumer buying behavior is political situation at home, the recession can occur due to this problem as all outside investor will not believe in our country to do the trade activities. Next is, the implementation of services tax (GST & SST) is also one of the factor of recession that affect the consumer buying behavior. A few years later, government has to implement the services tax, in the beginning is the Goods and Services Tax (GST) and followed by the Sales and Services

Tax (SST) due to the slowdown of Malaysia's economy and in order to recovering it back.

Besides that, other factor of recession that affects the consumer buying behavior which will be discussed in this research by the researcher is Foreign Exchange Rate. This will affect Malaysia economic growth when the foreign exchange rate of Malaysia keeps going down. Lastly is Currency where this factor happens as the US dollar strengthening day by day and this currency also one of the factors of recession that affect the consumer buying behavior towards shopping and brand switching.

1.2 Problem Statement

In the second quarter of 2018, Gross Domestic Product (GDP) growth came in at 4.5%, which was below the Bloomberg consensus of 5.2%. In comparison, GDP growth was 5.8% in the corresponding quarter of 2017 and 5.4% in first quarter 2018. According to Bank Negara, supply disruptions in the second quarter resulted in the slower economic growth (Ganeshwaran, K, The Star Online, 2018). This slower of economic growth have cause the recession in Malaysia where the economists rule out possibility of Malaysia slipping into recession because of the GDP growth are slightly down.

Due to this recession that occurs in Malaysia, the consumer also was affected because of this issue. Consumer has suffered with a decrease in their buying behavior. There were a few factors that have affected the consumer buying behavior towards shopping and brand switching which is Political, Currency, Foreign Exchange Rate and

Services Tax (GST & SST). Because of this, there was a change in consumer buying behavior. This research idea has arisen from this problem to become an important topic to be discussed.

1.3 Research Question

This research aims to answer the following research questions:

RQ1: What factors of recession that effects consumer buying behavior towards shopping and brand switching?

RQ2: What dominant categories that effects during recession to consumer buying behavior towards shopping and brand switching?

RQ3: Is there any relationship between effects of recession on consumer buying behavior towards shopping and brand switching?

1.4 Research Objective

Where based on the questions, there are three objectives have been planned to be studied, which are:

RO1: To identify which factors that affects consumer buying behavior toward shopping and brand switching.

RO2: To identify which dominant categories that effects during recession to consumer buying behavior toward shopping and brand switching.

RO3: To determine the relationship between the effects of recession with consumer buying behavior towards shopping and brand switching.

1.5 Scope and Limitation of the Study

The scope of the study for this research will focus around Malacca. The researcher chooses this destination because Malacca is one of the Urban City in Malaysia and one of the famous shopping centers in Malaysia. As shown in table 1 below, Malacca citizen has the highest amount of population which is 889,000 and this can help researcher in distribute the questionnaire to collect the data.

The limitation for the researcher in doing this research is limitation of time to distribute the questionnaire. Researcher has to meet consumer who are really willing to help to fill up the questionnaire at the shopping complex at Melaka City. Many respondents are not willing to fill up the questionnaire as they were in shopping session with their friends and family.

Table 1.1: Malacca states population by races.

Races	Population numbers ('000)	Percentage (%)
Malay	527.7	64.42%
Chinese	215.9	24.29%
India	49.9	5.61%
Others	4.6	0.52%
Non-citizen	45.9	5.61%
Total	889.0*	100%

Population Quick Info; Jabatan Perangkaan Malaysia

1.6 Importance of the Study

Most of consumers try to find out what factors of recession that affects their buying behavior. They have lack of awareness about these factors of recession that occurs in Malaysia.

This important of study is to identify the factors that affect their buying behavior during recession in Malaysia. This study also will identify which dominant factors that affects the consumer buying behavior during recession. The findings also will recommend a dynamic model of framework to the effects of recession on consumer buying behavior towards shopping and brand switching.

1.7 Summary

The Political, Services Tax (GST& SST), Foreign Exchange Rate and Currency are the factors of recession that affect the consumer buying behavior in Malaysia. The government needs to be aware with this situation as to maintain the Malaysia's economy. In this chapter will start with the background of study, then problem statement, continue to research questions and research objectives and importance of the study. The researcher can move to the Chapter Two which had discussed more about this study in the literature review.

CHAPTER 2

LITERATURE REVIEW

2.1 Introduction

This chapter was discussed about the concepts of consumer buying behavior, consumer buying behavior process and types of consumer decision. This chapter also will discuss about the theoretical framework and hypothesis of this study.

2.2 Consumer Buying Behavior

Consumer behavior requires the study of individuals and the method they use to choose, utilize, and set out products and services to fulfill their wants and the effects that